

REPORT  
TO THE  
PRESIDENT  
OF THE  
BOARD OF SUPERVISORS

ANALYSIS OF THE FISCAL IMPACT OF THE PROPOSED  
JARVIS-GANN AMENDMENT  
TO THE STATE CONSTITUTION

MAR 17 1978

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CITY AND COUNTY



OF SAN FRANCISCO

## BOARD OF SUPERVISORS

### BUREAU OF THE BUDGET

ROOM 281, CITY HALL, SAN FRANCISCO 94102 • TELEPHONE 558-2641

March 6, 1978

Honorable Dianne Feinstein  
President, Board of Supervisors  
Room 235, City Hall  
San Francisco, California 94102

Dear Madam President:

Transmitted herewith is our analysis of the fiscal impact of the Jarvis-Gann Initiative Constitutional Amendment on the City and County of San Francisco. This report is made pursuant to your request and pursuant to a motion adopted by the Board of Supervisors on February 6, 1978.

The Jarvis-Gann Initiative would limit ad valorem taxes to 1% of the 1975-76 full cash value of real property with certain adjustments for new construction, changes in ownership and 2% per year for inflation. If the Jarvis-Gann Initiative passes, the maximum ad valorem tax revenues available to the City and County would be approximately \$129 million or a decrease of approximately \$123 million from the \$252 million currently budgeted in 1977-78. This represents a decrease of 48.8%.

In 1977-78, the average ad valorem tax bill for single family residences in San Francisco is \$932. If the Jarvis-Gann Initiative passes, this average tax bill would drop to \$370 in 1978-79 which would be a 60% decrease. The average ad valorem tax bill in 1977-78 for office buildings is \$56,518. If the Jarvis-Gann Initiative passes, this average tax bill would drop to \$16,895 in 1978-79, a decrease of 70%. The largest ad valorem taxpayer in 1977-78 in San Francisco is Pacific Telephone and Telegraph Company which has an annual tax bill of \$13,552,761. If the Jarvis-Gann Initiative passes, this tax bill would drop to \$5,211,674 in 1978-79.

Our analysis presents in detail a review of the authority for all City services in order to determine which services are mandated by Federal, State or Charter law and which services are optional. In addition, the legal constraints which Jarvis-Gann would impose were considered in developing proposed 1978-79 budgets for the City and County.

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Honorable Dianne Feinstein  
President, Board of Supervisors  
March 6, 1978

Assuming passage of the Jarvis-Gann Initiative, we recommend that the following actions be taken:

- That salary increases under the City Salary Standardization provisions not be granted to City employees in the City's 1978-79 budget.
- That a Charter Amendment be proposed deleting Charter Section 6.413 which provides for an annual tax levy of 10¢ on the tax rate for the Recreation and Park Open Space Acquisition and Park Renovation Fund. This would provide estimated revenues of \$3 million which could be used to finance other needed City expenditures in 1978-79.
- That the City's Administrative Code be amended to eliminate certain special funds in order that the revenues estimated at \$1,750,000 can be taken from these funds and used to finance 1978-79 expenditures now being financed from ad valorem taxes.
- That the Hotel Room Tax Ordinance be amended by deleting those sections which provide for the funding of Publicity and Advertising expenses in order that an estimated \$4,000,000 can be used to finance 1978-79 expenditures now being financed from ad valorem taxes.
- That the Purchase and Use (Sales) Tax Ordinance be amended to eliminate the Capital Improvement Fund in order that an estimated \$15,186,000 in sales tax revenues can be used to finance 1978-79 expenditures now being financed from ad valorem taxes. Presently, such sales tax revenues are used to finance General Obligation bond interest and redemption expenses. Under the Jarvis-Gann Initiative, ad valorem taxes can be used to finance such debt service without limitation.
- If it is the policy of the Board of Supervisors to increase existing taxes and fees, we estimate that as much as \$160 million in additional revenues could be raised in 1978-79 by increasing the tax rates and fees as shown in Section III, page 14. This would include raising the payroll tax rate from 1.1% to 3% and raising the Municipal Railway fares from \$0.25 to \$0.75. The amount of revenues to be raised would vary depending upon which Jarvis-Gann Alternative Budget Level is adopted. It should be noted that the enactment of any local tax increases would be virtually impossible after July 1, 1978 under provisions of the Jarvis-Gann Initiative.

Enclosed for the Board of Directors is a copy of the following report on the

First National Bank of Chicago, Inc. (FNB) for the year ended December 31, 1977.

The report contains information on the bank's assets, liabilities, capital, and income. It also includes a statement of the bank's management and a statement of the bank's independent auditors.

The report is prepared in accordance with the requirements of the Illinois Banking Act and the Federal Reserve Board's regulations.

The report is intended to provide information to the Board of Directors and the public regarding the bank's financial condition and performance.

The report is prepared by the bank's management and is subject to review and approval by the Board of Directors.

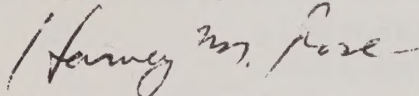
The report is prepared in accordance with the requirements of the Illinois Banking Act and the Federal Reserve Board's regulations.



Honorable Dianne Feinstein  
President, Board of Supervisors  
March 6, 1978

This report includes (1) the details of our four proposed Jarvis-Gann Alternative Budgets (pages 22 - 28), and (2) various potential revenue increases of existing taxes and fees which might be effected (page 14).

Respectfully submitted,



HARVEY M. ROSE  
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Chief Administrative Officer  
City Attorney  
Clerk of the Board  
Controller  
Rudy Nothenberg

Memorandum for the President  
The President  
1954

This memorandum is submitted to you for your information and guidance. It contains a summary of the results of the study conducted by the Committee on the Administration of the Government, which was established by Executive Order on May 11, 1953.

The study was conducted in accordance with the terms of reference set forth in the Executive Order. It was completed on March 1, 1954, and its findings are set forth in the report which is being submitted to you.


The report contains a detailed analysis of the present administration of the Government, and it proposes a number of reforms which are believed to be necessary for the improvement of the Government's efficiency and effectiveness.

The reforms proposed in the report are of a fundamental nature, and they are believed to be essential for the long-term improvement of the Government. They include the reorganization of the Executive Branch, the improvement of the personnel system, the improvement of the budgetary process, and the improvement of the legislative process. It is believed that these reforms are necessary for the Government to be able to carry out its responsibilities in a more efficient and effective manner.



## Table of Contents

<u>Section</u>	<u>Subject</u>	<u>Page</u>
I	Assumptions of this Report Regarding the Legal Constraints Jarvis-Gann Would Impose on San Francisco.	1
II	Alternative Levels of Governmental Services for 1978-79.	3
III	Revenue Increases and Expenditure Reductions Which Could Be Effected to Provide Additional Services Above the Level Provided by Jarvis-Gann.	11
IV	Recommendations.	20
APPENDIX A	Projected 1978-79 City and County Budget Based Upon a Reduced Level of Ad Valorem Tax Funding Pursuant to the Proposed Jarvis-Gann Amendment to the State Constitution.	22
APPENDIX B	Jarvis-Gann Initiative Constitutional Amendment.	29
APPENDIX C	Authority for Mandated Services Listed by Department and Grouped by Function.	30
APPENDIX D	Impact of Jarvis-Gann on Revenue Sharing, CETA, Community Development, and Public Works Title II Funding.	36
APPENDIX E	Governmental and Association Reports and Agencies Consulted.	38



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I. Assumptions of This Report Regarding the Legal Constraints Jarvis-Gann Would Impose on San Francisco.

The Jarvis-Gann Initiative constitutional amendment will appear as Proposition 13 on the June 6, 1978 ballot. The proposed amendment limits ad valorem taxes to 1% of the 1975-76 full cash value of real property with certain adjustments for new construction, change in ownership and 2% per year for inflation.

Sections of the initiative contain unclear wording (see Appendix B for the full text of Proposition 13). We have reviewed the analysis of the Jarvis-Gann Initiative by the staffs of other jurisdictions and associations (see Appendix E) and have made certain assumptions regarding the fiscal impact of the Jarvis-Gann Initiative on the 1978-79 budget of the City and County of San Francisco.

Our assumptions are as follows:

- a. We have assumed that ad valorem tax revenues of the City and County, the Community College, the School District, and BART will be diminished by the same percentage.
- b. We have assumed that the Jarvis-Gann Initiative repeals the homeowners exemption and local government reimbursements from the State.
- c. Section 1(b) allows existing general obligation bond interest and redemption expenses to be funded from property tax revenues over and above the 1% limitation.





- d. According to Section 12, Article 13 of the Constitution, the tax rate for personal property must be the same tax rate as the rate for secured property in the preceeding year. The Jarvis-Gann Initiative would have no effect in 1978-79 on the unsecured tax rate.
- e. We assumed that "new construction" refers to new structures only. We have also assumed that the intent of Jarvis-Gann was to include real property, assessed by the State Board of Equalization in the 1% limitation (see page 29).
- f. Section 4 of the initiative requires a 2/3 vote of the "qualified electors" for local governments and districts to raise "special taxes" (except for ad valorem taxes). While it is unclear whether the 2/3 rule applies to existing taxes as well as new or increased taxes, we have assumed that existing local taxes passed before July 1 do not require approval of 2/3 of the electorate.





## II. Alternative Levels of Governmental Services for 1978-79

In our analysis of the fiscal impact of the passage of the Jarvis-Gann Initiative, we present four proposed 1978-79 alternative budget levels based on the existing 1977-78 budget. These levels of funding do not allow for:

- (1) Any proposed expansion of existing programs.
- (2) Any new programs.
- (3) Known changes such as increased Social Security rates and ceilings, passed by Congress in December 1977, which will require the City to pay more for Social Security in 1977-78.
- (4) Salary increases and other expected increases in expenses due to inflation.

The projected 1978-79 City and County budgets were based on a 48.8% reduction of ad valorem tax funding from \$252,528,392 in 1977-78 to \$129,179,029 or a decrease of \$123,349,366. The reduction in property tax revenues would reduce Federal, State, and other revenues as well. The effect of all revenue reductions on our four proposed budget levels is as follows:

<u>Revenues</u>	<u>1977-78</u>	<u>1978-79</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Level 4</u>
Federal, State, and other	\$425,546,731	\$367,716,003	\$378,445,403	\$383,780,438	\$425,546,737
Ad Valorem (Property Taxes)	252,528,392	129,179,029	129,179,029	129,179,029	129,179,029
General Fund Unallocated*	153,157,117	162,335,317	162,335,317	162,335,317	162,335,317
Additional Revenues Required	-	-	37,071,608	96,382,237	110,747,268
Total	<u>\$831,232,240</u>	<u>\$659,230,349</u>	<u>\$707,031,357</u>	<u>\$771,677,021</u>	<u>\$827,808,345**</u>

\*The increase in these revenues is due to an accounting shift from Federal, State, and other revenues.

\*\*The reduction of \$3,423,895 from the 1977-78 budget to the Level 4 budget was caused by a reduction in fixed and non-recurring costs including bond interest and redemption, emergency reserve, Performing Arts Center, Open Space Fund, and Hassler Hospital.



## Budget Level 1

Total Budget - \$659,230,349      Additional Revenue Required: None

Primarily, the Level 1 budget provides for State and Federally-mandated services and Charter-required functions. Those activities which do not require ad valorem support, such as the Airport, would not be affected by a cutback in ad valorem funding. The Level 1 budget provides for full funding of those departments which are entirely supported by their own revenues. Mandatory activities requiring ad valorem support were funded between 50% and 100%. The level of funding for each ad valorem supported activity was evaluated on the basis of (1) its mandatory nature (Federal law, State law, City charter, or court order) and (2) its priority with regard to the preservation of public peace, property, health, and safety. (For a comprehensive list of the budget indexes and departments which comprise the following eight groups of government services, see Appendix C, which includes a citation of the legal provisions, e.g. State code, or charter mandating continuation of a particular function).

### A. General Government

The General Government category includes City departments which provide administrative, legal, and staff support to operating City departments. In Level 1, most General Government departments would operate at 50%-80% of the existing level.





The following General Government departments or agencies would not be funded: the Commission on the Status of Women, the Mayor's FIRM Project, the Parking Authority, and Publicity and Advertising.

B. Public Protection

The Public Protection group of City departments has the chief responsibility for maintaining the public peace and safety and protecting property.

All mandated law enforcement, justice administration, and emergency services were funded at approximately 66.7% to 90% of 1977-78 budget expenditures. The Fire Department could provide services approximately 14% above this funding level by going to a 56-hour workweek.

The following Public Protection agencies would not be funded: the Human Rights Commission, the Delinquency Prevention Commission, and the Animal Control and Welfare Commission.

C. Public Service Enterprises

The Public Service Enterprises include the departments under the authority of the Public Utilities Commission, the Airport Commission, and the Port Commission. All Public Service Enterprises, except the Municipal Railway and the Bureau of Light, Heat and Power, generate enough in fees and charges to finance their operating and capital expenditures without any ad valorem support and accordingly





are 100% funded. The Level 1 Municipal Railway budget is funded at 50%. The Bureau of Light, Heat and Power, would receive a budget of 75% of its existing budget.

D. Public Health

The Public Health Department includes the hospitals, the Community Mental Health Program, and several specialized health programs. For San Francisco General Hospital and Laguna Honda Hospital, funding is at 75% of the existing level excluding capital improvements. All Public Health programs at Level 1 would be funded. The Emergency Hospitals and the Health Centers are funded at 50%. Community Mental Health Services are funded at an average of over 90%.

E. Social Services

The Department of Social Services Programs include: Aid to Families with Dependent Children, General Assistance, Food Stamps, Medi-Cal, and SSI/SSP. Federal and State laws require continued 100% funding of the County share of these programs. Reductions in the administrative staff of the Department of Social Services could produce errors in the Income Maintenance payments. This could result in County share costs actually increasing rather than decreasing. Therefore Social Services are funded at 100%.

Health 7-1100

Health 7-1100

F. Public Works

The Department of Public Works (DPW) includes various maintenance activities such as Wastewater handling and treatment, building and street maintenance and repair, and miscellaneous capital improvements. Level 1 funds DPW at an average of 85% due to the large amounts of revenues restricted for these purposes. Street Cleaning is funded at about 90%. Level 1 does not fund any capital improvements.

G. Recreation and Culture

The Recreation and Culture group of City departments includes the Museums, the Library, and the Divisions of the Recreation and Parks Department. The Charter requires a minimum level of funding for certain Recreation and Culture activities (see Appendix C). Recreation and Park programs are funded at an average of 43%. The Library is funded at 18%, and Museums are funded at 50%. The Zoo, Golf, and Camp Mather divisions of the Recreation and Park Department are not funded.





## Budget Level 2

Total Budget: \$707,031,357      Additional  
Revenue Required: \$37,071,608

### DESCRIPTION OF SERVICES

The projected Level 2 1978-79 budget is constructed under the assumption that the policymakers of the City and County decide to raise additional revenues or that the State of California provides additional revenue. Level 2 funding would provide for the same services as Level 1 except for the following increases which were developed on a priority basis:

<u>Department</u>	<u>Percentage of Funding</u>	
	<u>Level 1</u>	<u>Level 2</u>
Police	67%	80%
Fire	67%	80%
Municipal Railway	50%	75%
Emergency Hospital	50%	75%
Public Library	18%	50%
Recreation and Park - ZOO Division	0	50%
Recreation and Park - General Divn.	30%	50%
Human Rights Commission	0	50%
Civic Auditorium - Brooks Hall	0	100%
Retirement System	70%	80%
Commission on the Status of Women	0	50%



### Budget Level 3

Total Budget:	<u>\$771,677,020</u>	Additional Revenue Required:	<u>\$96,382,237</u>
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#### DESCRIPTION OF SERVICES

Generally the Level 3 proposed 1978-79 budget attempts to fund all major City departments in the range of 80% to 100% of their 1977-78 budgeted expenditures. The following departments which were not funded in Levels 1 and 2 are funded at this level:

Mayor's FIRM Project (program budgeting)  
Delinquency Prevention Commission  
Vehicle Acquisition  
Golf Division  
Camp Mather Division

#### A. General Government

Level 3 provides legal, accounting, personnel and other staff and management at 80% to 90% of existing levels for most General Government departments.

#### B. Public Protection

The Level 3 budget supports all major Public Protection departments such as Police, Fire, the Sheriff and the Courts at 90% of their 1977-78 funding.

#### C. Public Service Enterprises

Of the Public Service Enterprises, Jarvis-Gann revenue restrictions only affect the Municipal Railway and the Bureau of Light, Heat and Power. At Level 3, both could operate at 90% of 1977-78 budgeted expenditures.





D. Public Health

All Public Health programs receive at least 90% of their 1977-78 funding at Budget Level 3.

E. Public Works

At Level 3, all Public Works bureaus receive a minimum of 90% of 1977-78 funding.

F. Recreation and Culture

At Level 3, all major Recreation and Culture Divisions could spend 80% of their 1977-78 budgets, except for the Museums which are funded at 50%.

Budget Level 4

Total Budget:	<u>\$827,808,345</u>	Additional	
		Revenues Required:	<u>\$110,747,268</u>
<u>DESCRIPTION OF SERVICES</u>			

The proposed Level 4 1978-79 budget would provide each department with the exact same funding as approved in the 1977-78 budget, except as noted in the table on page 3.



III. Revenue Increases and Expenditure Reductions Which Could Be  
Effectuated to Provide Additional Services Above the Level Provided  
by Jarvis-Gann.

None of the four projected budget levels for 1978-79 take into account anticipated expenditure increases for unemployment insurance, employer's contributions to social security, inflationary costs related to materials and supplies, contractual services, equipment, or salary increases. In addition, Levels 2, 3, and 4 require additional revenues of \$37 million, \$96 million, and \$111 million respectively. Therefore, it seems likely that additional sources of revenues and reallocations of existing revenues will be necessary to maintain a minimally acceptable level of services.

The Jarvis-Gann Initiative permits non ad valorem tax increases provided that those tax increases are approved by 2/3 of the qualified electors in the district affected by the tax. This requirement effectively prohibits any new tax increases since approval of a new tax would require a voter turnout in excess of 66% even if the vote for the new tax were unanimous. Therefore, any new taxes should be imposed before the effective date of the Jarvis-Gann Initiative.

In addition to the possibility of new taxes, additional revenues could become available through the imposition of new or increased user fees as well as through inflation. As can be seen in the following tables, ad valorem taxes for all categories of property owners will decrease by 60% or more if the Jarvis-Gann Initiative is approved by the electorate. These reductions would average \$562 annually for homeowners and for some businesses would exceed several million dollars annually. Therefore, increased user fees and taxes on business are reasonable alternatives to ad valorem taxes as revenue sources.





COMPARISON OF PROPERTY TAXES PAID IN 1977-78 ON THE AVERAGE  
HOME, FLAT, APARTMENT, COMMERCIAL STORE, HOTEL, INDUSTRIAL  
PROPERTY AND OFFICE BUILDING

VERSUS

THE ESTIMATED TAX LIABILITY FOR THE SAME PROPERTIES UNDER  
JARVIS-GANN

Type of Property	No. of Units	1977-1978 Average Tax Bill	1978-1979 Es- timated Average Tax Bill (Jarvis-Gann)	Decrease	
				Amount	Percent
Single Family Residences	94,258	\$ 932	\$ 370	(\$ 562)	( 60%)
Flats & Duplexes	24,417	1,734	572	( 1,162)	( 67%)
Apartments	10,936	6,086	1,901	( 4,185)	( 69%)
Commercial Stores	2,998	6,512	2,162	( 4,350)	( 67%)
Hotels - 1st Class	32	338,461	110,479	( 227,982)	( 67%)
Industrial Properties	2,911	4,447	1,653	( 2,794)	( 63%)
Office Buildings	985	56,518	16,895	( 39,623)	( 70%)



COMPARISON OF PROPERTY TAXES PAID IN 1977-78 BY THE  
10 LARGEST TAXPAYERS

VERSUS

THE ESTIMATED TAX LIABILITY FOR THE SAME TAXPAYERS  
UNDER JARVIS-GANN

Name	1977-1978 Tax Bill	Estimated 1978-1979 Tax Bill (Jarvis-Gann)	Decrease	
			Amount	Percent
1. Pacific Telephone	\$13,552,761	\$ 5,211,674	(\$8,341,087)	(62%)
2. Pacific Gas and Electric	11,005,640	4,232,186	( 6,773,454)	(62%)
3. Bank of America	5,362,709	2,072,276	( 3,290,433)	(61%)
4. Embarcadero Center	5,083,701	2,059,949	( 3,023,752)	(59%)
5. International Business Machines	4,449,247	3,913,227	( 536,020)	(12%)
6. Standard Oil	3,187,394	1,348,192	( 1,839,202)	(58%)
7. Wells Fargo Bank	2,028,350	859,545	( 1,168,805)	(58%)
8. Hilton Hotel	1,635,315	709,305	( 926,010)	(57%)
9. Southern Pacific	1,630,345	626,944	( 1,003,401)	(62%)
10. St. Francis Hotel	1,580,736	693,476	( 887,260)	(56%)
Total	<u>\$49,516,198</u>	<u>\$21,726,774</u>	<u>(\$27,789,424)</u>	<u>(56%)</u>





The Bureau of the Budget has identified a number of possible sources of additional revenue as well as reduction of existing expenditures. We estimate that an additional \$159,972,000 could be raised in new revenues and that \$58,284,414 could be reallocated from existing programs, services and salaries. Thus, a total of \$218,256,414 could be made available for general programs and services to make up the revenue deficiencies caused by passage of the Jarvis-Gann Initiative. If it is the policy of the City and County of San Francisco to continue the current level of services, then at least \$110.7 million of increased revenues would be required.

A summary of possible increased revenues, fees and taxes is contained in the following table.

REVENUE INCREASES WHICH COULD BE EFFECTED TO PROVIDE ADDITIONAL SERVICES  
ABOVE THE LEVEL PROVIDED BY JARVIS-GANN

Revenue	Current Rate	Current Revenue	Degree of Increase			Projected Additional Revenue		
			Low	Medium	High	Low	Medium	High
Employer Payroll Tax	1.1%	\$34,900,000	1.5%	2%	3%	\$10,300,000	\$23,800,000	\$50,700,000
Business License Tax	\$0.90- \$2.20 per \$1000	3,400,000	\$1.23- \$3.00 per \$1000	\$1.64- \$4.00 per \$1000	\$2.45- \$6.00 per \$1000	1,000,000	2,300,000	4,900,000
Property Transfer Tax	0.5%	7,000,000	1%	1.5%	2%	7,000,000	14,000,000	21,000,000
Utility Users Tax	5% <sup>*1</sup>	14,800,000	7.5%	10%	15%	6,845,000	13,320,000	26,270,000
Parking Tax	15%	3,500,000	20%	30%	40%	3,086,000	5,860,000	7,600,000
Hotel Room Tax <sup>*2</sup>	6%	12,000,000	9%	12%	15%	6,000,000	11,400,000	16,500,000
Muni Fares <sup>*3</sup>	25¢	22,500,000	35¢	50¢	75¢	9,560,000	17,340,000	29,790,000
Stadium Operator Admiss. Tax	50¢ <sup>*4</sup>	240,000	75¢	\$1.00	\$1.50	526,000	755,000	1,212,000
User Fees <sup>*5</sup>	Various	1,400,000	-	-	-	1,000,000	1,500,000	2,000,000
Totals		\$99,740,000				\$45,317,000	\$90,275,000	\$159,972,000

\*1 Except intrastate telephone calls which are taxed at 5.5%

\*2 Based on an amended Hotel Room Tax Ordinance providing all revenues in excess of \$12,000,000 go to General Fund.

\*3 Based on a 35¢ fare an additional \$21,041,000 of revenues would be necessary to achieve the 75% service of Level II: based on a 50¢ fare an additional \$14,428,000 of revenues would be necessary to achieve Level II service; based on a 75¢ fare an additional \$3,845,000 of revenues would be necessary to achieve Level II service.

\*4 Projected additional revenue assumes the exemption of all tickets priced \$2.01 or less.

\*5 Includes Museums, Opera House, Golf, Tennis, Swimming, etc.



As can be seen from this table, payroll tax increases could provide an additional \$50.7 million, property transfer tax increases could provide an additional \$21 million, utility user tax increases could provide an additional \$26.3 million, hotel room tax increases could provide an additional \$16.5 million, MUNI fare increases could provide an additional \$29.8 million, and other tax and fee increases could provide an additional \$15.7 million.

The Bureau of the Budget has also identified expenditure reductions which could be effected to provide additional services above the level provided by Jarvis-Gann. These reductions are as follows:

Hotel Room Tax Ordinance - P & A	\$ 4,000,000*
Hotel Room Tax Ordinance - YBC	4,992,000
Open Space Acquisition and Park Renovation Fund	3,042,414
Employee Salary Deductions	48,000,000
Public Service by Private Contract	500,000
Other Special Funds	1,750,000
Withhold Salary Standardization	15,000,000*
Bond Interest and Redemption	<u>15,186,000*</u>
Total	<u><u>\$92,470,414*</u></u>

\*In calculating the four 1978-79 budget levels, we have assumed that these expenditure reductions would be adopted. Therefore a net amount of \$58,284,414 is available to provide additional services.

Hotel Room Tax Ordinance - \$ 4,000,000 (P & A) \$4,992,000 (YBC)

Section 515 of the Municipal Code establishes this fund to be used for various non-mandatory purposes including Publicity and Advertising, the construction of the Yerba Buena Center, and low income housing. \$8,992,000 was appropriated in 1977-78 from Hotel Tax revenues for these purposes. We would propose to amend the Administrative Code to make at minimum the \$4,000,000



allocated for Publicity and Advertising available for essential services. This amount has been included in arriving at the 1978-79 Jarvis-Gann Budget Levels 1-3. In addition, \$4,992,000 currently allocated to the Yerba Buena reserve could be made available by amendment of this ordinance.

Open Space Acquisition and Park Renovation Fund - \$ 3,042,414

The Charter provides that 10¢ per \$100 of assessed valuation be placed in this fund for acquisition and renovation of park facilities. Due to severe reductions in levels of funding for park and recreation programs under Levels 1, 2, and 3, we would recommend that this fund be used to the maximum legal extent for maintenance of existing park facilities and that a Charter amendment be placed on the ballot at the earliest opportunity to eliminate Section 6.413 of the San Francisco Charter which established this special fund. Elimination of this fund would make an estimated \$3,042,414 available for other public purposes.

Employee Salary Reductions - \$48,000,000

Section 8.406 of the Charter of the City and County of San Francisco provides that wages of all employees may be reduced in amount not to exceed 25% in the event that extraordinary economic conditions actually exist. This action would require unanimous approval of the Board of Supervisors and approval of the Mayor. The Section further provides that lesser deductions may be made with only three-fourths of the Board of Supervisors





and approval of the Mayor. The maximum amount which could be reduced would be 25% of the \$192,000,000 of salaries and wages which are presently financed by ad valorem taxes or \$48,000,000. Mr. Thomas A. Toomey, Jr. of the City Attorney's Office has advised us that the Jarvis-Gann Initiative might not qualify as an emergency as defined in Section 8.406. The extent of unemployment and layoffs would be a factor in this decision.

Public Service by Private Contract - \$500,000

Pursuant to Charter Section 8.300-1, it is possible that certain services could be provided more economically on a contractual basis. Some such services might be:

- Maintenance of golf courses.
- Janitorial maintenance of City buildings.
- Certain electronic data processing applications.
- Jail and hospital meals.
- Hospital inpatient services

Other Special Funds - \$1,750,000

Many other special funds have been created by amendments to the Administrative Code of the City and County of San Francisco to provide that certain revenues be used for certain public purposes. In the event that the Jarvis-Gann Initiative passes,



we would recommend that the Administrative Code be amended to eliminate certain of these special funds. Revenues that would become available from the funds that we have identified are estimated as follows:

<u>Special Fund</u>	<u>Administrative Code Section</u>	<u>Estimated Amount</u>
Special Golf Fund	10.179	\$ 25,000
Special Recreation and Park Concession Fund	10.178	650,000
Special Zoo Fund	10.175	208,000
Performing Arts Fund	10.117.1	27,000
Police Officers Training Fund	10.117.3	200,000
Sheriff's Deputies Training Fund	10.117.7	200,000
Sheriff's Management Assistance Fund	10.117.12	130,000
Sheriff's Special Maintenance Fund	10.117.16	180,000
Fine Arts Museums of San Francisco Fund	488-75 & 364-77	130,000
Total		<u>\$1,750,000</u>

Withhold Salary Standardization - \$15,000,000

Section 8.401 of the City Charter requires that not later than January 15, 1944 and each 5 years thereafter, and more often if in the judgment of the Civil Service Commission or the Board of Supervisors it is warranted, salaries be adjusted. This means that salary revisions need not be prepared until January 15, 1979 to be effective July 1, 1979. In the event





Jarvis-Gann passes, we would recommend that no increases be given during 1978-79. Accordingly, we have excluded any estimate of Salary Standardization from our budget Levels 1 through 4. The amount of Salary increases for fiscal year 1978-79 is estimated at approximately \$15,000,000.

Bond Interest and Redemption - \$15,186,000

Section 60 of Ordinance No. 4537 as amended by Ordinance 10361 (Purchase and Use Tax Ordinance) provides that debt service on certain general obligation bonds of the City be paid from Sales Tax receipts. We recommend that this Purchase and Use Tax Ordinance be amended such that all debt service be paid from property taxes, which can be raised in addition to the 1% limitation under Jarvis-Gann. This will free up \$15,186,000 in Sales Tax revenues for other essential services in 1978-79. This amount has been included in arriving at the 1978-79 Jarvis-Gann Budget Levels 1 through 4.



#### IV. Recommendations

Assuming passage of the Jarvis-Gann Initiative, we recommend that the following actions be taken:

- That salary increases under the City Salary Standardization provisions not be granted to City employees in the City's 1978-79 budget.
- That a Charter Amendment be proposed deleting Charter Section 6.413 which provides for an annual tax levy of 10¢ on the tax rate for the Recreation and Park Open Space Acquisition and Park Renovation Fund. This would provide estimated revenues of \$3,042,414 which could be used to finance other needed City expenditures in 1978-79.
- That the City's Administrative Code be amended to eliminate certain special funds in order that the revenues estimated at \$1,750,000 can be taken from these funds and used to finance 1978-79 expenditures now being financed from ad valorem taxes.
- That the Hotel Room Tax Ordinance be amended by deleting those sections which provide for the funding of Publicity and Advertising expenses in order that an estimated \$4,000,000 can be used to finance 1978-79 expenditures now being financed from ad valorem taxes.



- That the Purchase and Use (Sales) Tax Ordinance be amended to eliminate the Capital Improvement Fund in order that an estimated \$15,186,000 in sales tax revenues can be used to finance 1978-79 expenditures now being financed from ad valorem taxes. Presently, such sales tax revenues are used to finance General Obligation bond interest and redemption expenses. Under the Jarvis-Gann Initiative, ad valorem taxes can be used to finance such debt service without limitation.
- If it is the policy of the Board of Supervisors to increase taxes and fees, we estimate that as much as \$160 million in additional revenues could be raised in 1978-79 by increasing the rates and fees as shown in Section III, page 14. This would include raising the payroll tax rate from 1.1% to 3% and raising the Municipal Railway fares from \$0.25 to \$0.75. The amount of revenues to be raised would vary depending upon which Jarvis-Gann Alternative Budget Level is adopted. Any local tax increase would be virtually impossible after July 1, 1978 under provisions of the Jarvis-Gann Initiative.





PROJECTED 1978-1979 CITY AND COUNTY BUDGET BASED UPON A REDUCED LEVEL OF AD VALOREM  
TAX FUNDING PURSUANT TO THE PROPOSED JARVIS-GANN AMENDMENT TO THE STATE CONSTITUTION

Index	Department	1976-1977 Actual Expenditures	1977-1978 Budget	1978-79			
				Budget Level 1	Budget Level 2	Budget Level 3	Budget Level 4
111	Adult Probation	\$ 1,939,056	\$ 2,247,164	\$ 2,022,448	\$ 2,022,448	\$ 2,022,448	\$ 2,247,164
113	Art Commission	409,807	976,341	152,121	152,121	357,256	976,341
115	Assessor	3,100,499	3,357,167	2,685,734	2,685,734	3,021,450	3,357,167
117	City Attorney	1,495,800	1,668,807	1,335,046	1,335,046	1,501,926	1,668,807
119	City Planning	1,287,701	1,511,194	755,597	755,597	1,360,075	1,511,194
121	Civil Service Commission	2,096,219	2,328,625	1,862,900	1,862,900	2,095,763	2,328,625
123	Controller - Administration	3,330,232	3,985,481	3,188,385	3,188,385	3,586,933	3,985,481
123	Controller - Other Appropriations	3,989,797	4,115,919	4,115,919	4,115,919	4,115,919	4,115,919
124	Controller - Data Processing Center	617,895	518,410	414,728	414,728	466,569	518,410
131	Emergency Services	154,421	244,672	153,338	153,338	220,205	244,672
141	District Attorney	3,309,838	4,311,362	3,449,090	3,449,090	3,880,226	4,311,362
142	District Attorney-Family Support Bureau	1,520,353	2,370,914	1,896,731	1,896,731	2,133,823	2,370,914
143	Education - County Offices	1,349,780	1,490,968	1,490,968	1,490,968	1,490,968	1,490,968
145	Fire	59,358,140	61,357,113	40,904,742	48,703,066	55,221,402	61,357,113
147	Human Rights Commission	299,158	332,101	-	166,151	265,681	332,101
149	Law Library	78,062	82,573	74,316	74,316	74,316	82,573
150	Commission on the Status of Women	59,509	66,057	-	33,029	33,029	66,057
151	Mayor	1,191,469	1,211,742	605,871	605,871	1,090,568	1,211,742
152	San Francisco Commission on Aging	85,133	99,519	49,760	49,760	89,567	99,519
153	Mayor-Financial Information and Resources Management Project	100,905	445,288	-	-	445,288	445,288
154	Mayor's Office-Federally Funded Units	109,375	1,100,518	132,102	132,102	880,414	1,100,518

NOTE: Expenditure receipts by transfer have been subtracted from all departmental budgets in which they occur.



PROJECTED 1978-1979 CITY AND COUNTY BUDGET BASED UPON A REDUCED LEVEL OF AD VALOREM  
TAX FUNDING PURSUANT TO THE PROPOSED JARVIS-GANN AMENDMENT TO THE STATE CONSTITUTION

Index	Department	1976-1977 Actual Expenditures	1977-1978 Budget	1978-79			
				Budget Level 1	Budget Level 2	Budget Level 3	Budget Level 4
155	Municipal Court	\$ 6,023,938	\$ 6,597,264	\$ 5,937,538	\$ 5,937,538	\$ 5,937,538	\$ 6,597,264
157	Parking Authority*	-	-	-	-	-	-
159	Permit Appeals	52,936	58,114	46,491	46,491	52,303	58,114
161	Police	73,504,488	75,725,647	50,483,765	60,108,291	68,153,082	75,725,647
165	Public Defender	1,482,151	1,985,328	1,786,795	1,786,795	1,786,795	1,985,328
167	Public Pound	492,593	517,223	413,778	413,778	465,501	517,223
169	Social Services Department	148,143,993	158,270,577	158,270,577	158,270,577	158,270,577	158,270,577
173	Sheriff	8,497,969	10,370,594	9,108,175	9,108,175	9,108,175	10,370,594
176	Board of Supervisors-Delinq. Prevention Commission	5,088	37,858	-	-	18,929	37,858
177	Animal Control & Welfare Comm.	7,626	8,245	-	-	-	8,245
178	Assessment Appeals Board	107,799	133,815	66,908	66,908	107,052	133,815
179	Superior Court	3,539,183	4,480,463	3,993,987	3,993,987	3,993,987	4,480,463
180	Board of Supervisors-Budget Bureau	304,259	282,741	141,371	141,371	254,467	282,741
181	Board of Supervisors	1,132,619	1,222,293	611,147	611,147	1,100,064	1,222,293
182	Board of Supervisors-Employee Relations Division	130,670	188,582	94,291	94,291	94,291	188,582
183	Treasurer	466,673	567,071	453,657	453,657	510,364	567,071
185	Juvenile Court	6,592,972	7,781,500	7,003,350	7,003,350	7,003,350	7,781,500
211	County Agricultural Dept.	159,961	187,887	150,310	150,310	169,098	187,887

\*These departments are funded entirely or substantially by expenditure receipts by transfer from other departments.



PROJECTED 1978-1979 CITY AND COUNTY BUDGET BASED UPON A REDUCED LEVEL OF AD VALOREM  
TAX FUNDING PURSUANT TO THE PROPOSED JARVIS-GANN AMENDMENT TO THE STATE CONSTITUTION

Index	Department	1976-1977 Actual Expenditures	1977-1978 Budget	1978-79			
				Budget Level 1	Budget Level 2	Budget Level 3	Budget Level 4
213	California Academy of Sciences	\$ 887,766	\$ 1,028,233	\$ 514,117	\$ 514,117	\$ 822,586	\$ 1,028,233
221	Chief Administrative Officer	384,753	514,194	257,097	257,097	462,775	514,194
223	Coroner	624,282	800,166	640,133	640,133	720,149	800,166
225	County Clerk	1,570,414	1,761,710	1,585,539	1,585,539	1,585,539	1,761,710
227	Director of Finance & Records	53,167	59,274	47,419	47,419	47,419	59,274
231	Electricity	2,077,573	2,372,768	1,898,214	1,898,214	2,135,491	2,372,768
241	Farmers Market	55,594	58,498	58,498	58,498	58,498	58,498
243	Public Administrator-Public Guardian	513,305	573,372	458,698	458,698	516,035	573,372
245	Real Estate	533,310	561,111	448,889	448,889	505,000	561,111
247	Real Estate-Auditorium and Brooks Hall	620,871	592,479	-	592,479	592,479	592,479
251	Recorder	252,234	330,568	330,568	330,568	330,568	330,568
253	Records Center	90,773	66,117	66,117	66,117	66,117	66,117
255	Registrar of Voters	1,395,029	1,790,904	1,432,723	1,432,723	1,611,814	1,790,904
261- 263	Tax Collector	2,529,452	2,927,475	2,350,684	2,350,684	2,639,079	2,927,475
265	Weights and Measures	129,092	144,531	115,625	115,625	130,078	144,531
311- 313	Purchasing	1,186,955	1,542,262	1,223,570	1,223,570	1,388,036	1,542,262
314	Purchasing-Vehicle Acquisition		386,480	-	-	193,240	386,480
411	Public Works-Accounting	192,517	209,159	104,579	104,579	188,243	209,159
413	Public Works-Architecture	218,702	217,911	108,955	108,955	196,120	217,911
415	Public Works-Building Inspec.	2,807,937	3,254,393	2,446,551	2,446,551	2,928,954	3,254,393
417	Public Works-Building Repair	5,304,672	6,685,725	3,379,762	3,379,762	6,017,153	6,685,725
419	Public Works-Central Permit Bur.	171,899	200,896	100,458	100,458	180,806	200,896
421	Public Works-Engineering	2,313,306	1,573,936	810,668	810,668	1,416,542	1,573,936





PROJECTED 1978-1979 CITY AND COUNTY BUDGET BASED UPON A REDUCED LEVEL OF AD VALOREM  
TAX FUNDING PURSUANT TO THE PROPOSED JARVIS-GANN AMENDMENT TO THE STATE CONSTITUTION

Index	Department	1976-1977 Actual Expenditures	1977-1978 Budget	1978-79			
				Budget Level 1	Budget Level 2	Budget Level 3	Budget Level 4
422	Public Works-Sanitary Engineer	\$ -	\$ 1,168,824	\$ 1,168,824	\$ 1,168,824	\$ 1,168,824	\$ 1,168,824
423	Public Works-General Office	399,908	576,633	286,078	286,078	518,970	576,633
424	Public Works-Personnel Admin- istration	129,779	136,747	68,373	68,373	123,072	136,747
426	Public Works-Water Pollution Control	5,679,109	6,699,608	6,699,608	6,699,608	6,699,608	6,699,608
429	Public Works-Sewer Repair	1,472,075	3,196,736	3,196,736	3,196,736	3,196,736	3,196,736
431	Public Works-Street Cleaning*	1,738,118	783,037	90,000	90,000	90,000	783,037
445	Public Works-Capital Improve- ments*	813,326	-	-	-	-	-
	Public Health-Central Office:						
511	Accounting	1,667,130	1,805,027	1,353,770	1,353,770	1,624,524	1,805,027
513	Administration	1,464,854	1,579,713	1,184,785	1,184,785	1,421,742	1,579,713
515	Jail Medical Services	399,439	1,928,984	1,736,086	1,736,086	1,736,086	1,928,984
517	Microbiology Laboratory	390,342	477,317	429,585	429,585	429,585	477,317
519	Chemical Laboratory	184,700	240,187	216,168	216,168	216,168	240,187
521	Maternal and Child Hygiene	879,531	1,011,779	910,601	910,601	910,601	1,011,779
523	City Physicians	54,638	-	-	-	-	-
525	Disease Control	188,835	226,702	204,032	204,032	204,032	226,702
529	Dental Bureau	385,338	472,308	236,154	236,154	425,077	472,308
531	Food and Sanitary Inspection and Rodent Control	1,516,105	1,605,368	1,444,831	1,444,831	1,444,831	1,605,368
533	Medical Clinic Juvenile Court	199,155	223,767	111,884	111,884	201,390	223,767
535	Health Centers	4,013,527	4,175,541	2,087,770	2,087,770	3,757,987	4,175,541
537	Public Health Education	43,601	42,963	38,667	38,667	38,667	42,963
539	Public Health Nursing	62,346	65,599	59,039	59,039	59,039	65,599
541	Statistics	155,091	172,398	155,158	155,158	155,158	172,398

\*These departments are funded entirely or substantially by expenditure receipts by transfer from other departments.



PROJECTED 1978-1979 CITY AND COUNTY BUDGET BASED UPON A REDUCED LEVEL OF AD VALCREM  
TAX FUNDING PURSUANT TO THE PROPOSED JARVIS-GANN AMENDMENT TO THE STATE CONSTITUTION

Index	Department	1976-1977 Actual Expenditures	1977-1978 Budget	1978-'9			
				Budget Level 1	Budget Level 2	Budget Level 3	Budget Level 4
	<u>Public Health Continued -</u>						
543	Tuberculosis	\$ 446,644	\$ 517,943	\$ 466,149	\$ 466,149	\$ 466,149	\$ 517,943
545	Venereal Disease Control	653,161	846,552	761,897	761,897	761,897	846,552
	<u>Institutions:</u>						
551	Emergency Hospital	2,874,871	3,476,791	1,738,396	2,607,593	3,129,112	3,476,791
553	Hassler Hospital	46,021	11,585	-	-	-	-
555	Laguna Honda Hospital	17,711,843	21,371,675	15,057,431	15,057,431	18,068,918	21,371,675
557	San Francisco General Hospital	42,569,617	52,817,291	39,401,243	39,401,243	47,281,492	52,817,291
	<u>Community Mental Health Services:</u>	8,245,131	10,290,613	9,878,988	9,878,988	9,878,988	10,290,613
561	Administration						
563	Center for Special Problems	937,461	987,923	947,923	947,923	947,923	987,420
565	Developmentally Disabled Program	270,726	326,279	313,228	313,228	313,228	326,279
567	Institutional Services	460,663	-	-	-	-	-
568	District V MHC	2,235,274	2,733,653	2,624,307	2,624,307	2,624,307	2,733,653
569	Southeast MHC	2,213,824	1,948,834	1,870,881	1,870,881	1,870,881	1,948,834
570	Mission MHC	2,633,125	3,028,983	2,907,824	2,907,824	2,907,824	3,028,983
571	Northeast MHC	3,313,343	2,976,102	2,857,058	2,857,058	2,857,058	2,976,102
575	Alcoholism	2,057,029	2,547,482	2,445,583	2,445,583	2,445,583	2,547,482
581	Division of Special Programs	1,029,667	1,126,273	647,780	647,780	1,013,646	1,126,273
583	General Services	160,527	181,052	173,810	173,810	173,810	181,052
601	Bond Interest & Redemption - General City	25,010,996	25,610,348	25,698,038	25,698,038	25,698,038	25,698,038
603	Bond Interest & Redemption - P.S.E*	-	-	-	-	-	-



PROJECTED 1978-1979 CITY AND COUNTY BUDGET BASED UPON A REDUCED LEVEL OF AD VALOREM  
TAX FUNDING PURSUANT TO THE PROPOSED JARVIS-GANN AMENDMENT TO THE STATE CONSTITUTION

Index	Department	1976-1977 Actual Expenditures	1977-1978 Budget	1978-79			
				Budget Level 1	Budget Level 2	Budget Level 3	Budget Level 4
605	Emergency Reserve-Restricted Approp.	\$ -	\$ 2,500,000	\$ -	\$ -	\$ -	\$ -
608	Off-Street Parking	237,350	268,979	200,248	200,248	200,248	268,979
621	The Fine Arts Museum of San Francisco	2,039,309	\$ 2,285,154	1,142,577	1,142,577	1,142,577	2,285,154
622	Asian Art Museum of San Fran.	416,346	441,775	220,888	220,888	220,888	441,775
631	Public Library	6,071,659	6,988,329	1,236,046	3,494,165	5,590,663	6,988,329
641	Publicity and Advertising	3,210,141	4,000,000	-	-	-	4,000,000
	<u>Recreation and Park:</u>						
648	Marina Yacht Harbor Project Fund	291,672	360,109	360,109	360,109	360,109	360,109
651	General Division	15,859,898	17,102,280	5,172,104	8,551,140	13,681,824	17,102,280
652	Special Zoo Division	1,118,186	1,441,251	-	720,626	1,153,001	1,441,251
653	Candlestick Park Division	2,484,331	2,671,652	2,671,652	2,671,652	2,671,652	2,671,652
654	Open Space Acquisition and Park Renovation Division	151,424	3,104,457	3,042,414	3,042,414	3,042,414	3,042,414
655	Golf	1,335,059	1,526,031	-	-	1,220,825	1,526,031
658	Maintenance of Other Depart.*	-	-	-	-	-	-
659	Camp Mather	193,094	217,979	-	-	174,383	217,979
672	Gas Tax Construction	-	1,102,700	1,102,700	1,102,700	1,102,700	1,102,700
671-		-					
675	Special Gas Tax St.Improv.Fund	5,735,298	2,968,000	2,968,000	2,968,000	2,968,000	2,968,000
674	Gas Tax Const. Sel. System	-	3,940,223	3,940,223	3,940,223	3,940,223	3,940,223
681-							
687	Road Commissioner-Road Fund	9,559,269	9,078,600	9,078,600	9,078,600	9,078,600	9,078,600
691-							
692	Board of Trustees of the War Memorial	1,041,458	2,253,488	626,744	626,744	1,002,790	2,253,488
695	Public Utilities Commission - Bureau of Light, Heat and Power	2,821,765	4,281,568	3,211,176	3,211,176	3,853,411	4,281,568

\*These departments are funded entirely or substantially by expenditure receipts by transfer from other departments.





PROJECTED 1978-1979 CITY AND COUNTY BUDGET BASED UPON A REDUCED LEVEL OF AD VALOREM  
TAX FUNDING PURSUANT TO THE PROPOSED JARVIS-GANN AMENDMENT TO THE STATE CONSTITUTION

Index	Department	1976-1977 Actual Expenditures	1977-1978 Budget	1978-79			
				Budget Level 1	Budget Level 2	Budget Level 3	Budget Level 4
697	Employees Retirement System	\$ 5,763,893	\$ 6,234,117	\$ 4,363,882	\$ 4,987,294	\$ 5,610,705	\$ 6,234,117
699	Health Service System	1,158,370	-	-	-	-	-
	Public Service Enterprises						
705	PUC - General Office*	-	-	-	-	-	-
706	Public Utilities Commission Data Processing Center*	-	-	-	-	-	-
725	San Francisco International Airport	38,816,953	39,220,670	39,220,670	39,220,670	39,220,670	39,220,670
728	Airport - Special Aviation Fund	5,000	5,000	5,000	5,000	5,000	5,000
735	Municipal Railway Operating	78,171,185	84,901,984	41,907,350	63,643,459	76,411,786	84,901,984
745	San Francisco Water Department	25,675,583	26,477,047	26,477,047	26,477,047	26,477,047	26,477,047
755	Hetch Hetchy Project	54,131,138	44,884,030	44,884,030	44,884,030	44,884,030	44,884,030
775	San Francisco Harbor Improve- ment	15,943,436	15,699,404	15,699,404	15,699,404	15,699,404	15,699,404
	Total City and County Budget	\$760,370,357	\$831,232,240	\$659,230,349	\$707,031,357	\$771,677,021	\$827,808,345
	Budget Deficit			-	\$ 47,801,008	(\$112,446,672)	(\$168,577,996)
	<u>Funding The Budget Deficit</u>						
	Estimated recovery of Federal, State, and other revenues			-	10,729,400	16,064,435	57,830,728
	Reduced expenditures and or increased revenues necessary to balance the budget			-	37,071,608	96,382,237	110,747,268
	Total Additional Funding			-	\$ 47,801,008	\$112,446,672	\$168,577,996
	<u>Personnel</u>						
	Total Permanent Positions Reduction in Permanent Positions	20,567	20,557	15,002 ( 5,555)	16,546 ( 4,011)	18,727 ( 1,830)	20,557

\*These departments are funded entirely or substantially by expenditure receipts by transfer from other departments.



Jarvis-Gann Initiative Constitutional Amendment

The initiative proposes adding Article XIII A to the Constitution to read:

Section 1.

(a) The maximum amount of any ad valorem tax on real property shall not exceed one percent (1%) of the full cash value of such property. The one percent (1%) tax to be collected by the counties and apportioned according to law to the districts within the counties.

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any indebtedness approved by the voters prior to the time this section becomes effective.

Section 2.

(a) The full cash value means the County Assessors valuation of real property as shown on the 1975-76 tax bill under "full cash value", or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment. All real property not already assessed up to the 1975-76 tax levels may be reassessed to reflect that valuation.

(b) The fair market value base may reflect from year to year the inflationary rate not to exceed two percent (2%) for any given year or reduction as shown in the consumer price index or comparable data for the area under taxing jurisdiction.

Section 3.

From and after the effective date of this article, any changes in State taxes enacted for the purpose of increasing revenues collected pursuant thereto whether by increased rates or changes in methods of computation must be imposed by an Act passed by not less than two-thirds of all members elected to each of the two houses of the Legislature, except that no new ad valorem taxes on real property, or sales or transaction taxes on the sales of real property may be imposed.

Section 4.

Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district, except ad valorem taxes on real property or a transaction tax or sales tax on the sale of real property within such City, County or special district.

Section 5.

This article shall take effect for the tax year beginning on July 1 following the passage of this Amendment, except Section 3 which shall become effective upon the passage of this article.

Section 6.

If any section, part, clause, or phrase hereof is for any reason held to be invalid or unconstitutional, the remaining sections shall not be affected but will remain in full force and effect.



Authority for Mandated Services Listed  
by Department and Grouped by Functions

Appendix C lists all departments grouped by function and the legal provisions which mandate certain government services. Besides specific provisions of government codes, executive mandates such as State of California licensing, inspections, and reviews for adequate staff, food, etc. in hospitals, jails and other institutions, can require increased local government expenditures. Additionally, judicial decisions, and court-orders can result in increased local government expenditures.

We have listed contractual obligations and other legal constraints where complete or significant partial halting of a government service will result in lawsuits. While a particular government service or function may be mandatory, it is a judgment at what level a service must be funded. The Charter Section 6.400 does mandate certain minimum expenditures:

- a. All bond interest and redemption expenses
- b. Libraries (4¢ per \$100)
- c. Parks and Squares (10¢ per \$100)
- d. Playgrounds (7¢ on each \$100)
- e. The Art Commission (½¢ per \$100)
- f. Civil Service Commission (½¢ per \$100)

In addition, Charter Section 6.404 requires that the Board of Supervisors: a) annually appropriate to the War Memorial sufficient costs of maintaining, operating, and caring for the War Memorial, b) a minimum of \$40,000 or what is necessary for operation of the De Young Memorial Museum, and c) funds sufficient for the maintenance, operation, and continuance of Steinhart Aquarium.





AUTHORITY FOR MANDATED SERVICES LISTED BY DEPARTMENT AND GROUPED BY FUNCTION

Index	Department	Optional	Mandatory	Legal Provisions
	<u>GENERAL GOVERNMENT</u>			
115	Assessor		X	Govt.Code Sec. 24000,24009,24300; Rev. & Taxation Code Constitution, Article XIII, Sec. 1
117	City Attorney		X	Govt.Code Sec. 26520, 26522-4, 26529
119	City Planning		X	Govt.Code Sec. 65350-6, 65356.1, 65357-9, 65401, 65360, 65850
121	Civil Service		X	Govt.Code Sec. 25208, 31100.5, 31105.1, 31105.2 etc.
123	Controller		X	Govt.Code Sec. 26900-26911, 26880-3, 26886, 24300.5
124	Controller - FDP	X		
150	Commission on the Status of Women	X		
151	Mayor		X	Charter Section 3.100
152	S.F. Commission on Aging	X		
153	Mayor FIRM	X		
154	Mayor's Office Federally Funded Units-City Demonstration Agency	X		
157	Parking Authority	X		(Legal entity necessary for land-lease arrangements)
178	Assessment Appeals Board	X		Board of Equalization
181	Board of Supervisors		X	Charter Section 2.100
180	Bureau of the Budget		X	Charter Section 2.203-1
182	Employee Relations Divn.		X	Charter Section 2.203-2
183	Treasurer		X	Govt.Code Sec. 27000,27002,27006,27007, 27009 etc.
211	County Agricultural Dept.		X	Agricultural Code Sec.2001-2, 2121, 2122, 2124 etc.
221	Chief Administrative Officer		X	Charter Section 3.021
227	Director of Finance & Records		X	Charter Section 3.510
241	Farmers Market	X		
245	Real Estate		X	Charter Section 7.400,3.510
247	Real Estate - Civic Auditorium and Brooks Hall	X		
251	Recorder		X	(Govt.Code Sec. 27201,27204
253	Records Center		X	(Civil Code Sec. 1169
255	Registrar of Voters		X	Govt.Code Section 26800, 26802, See also Elections Code for Policies and Procedures regarding elections.



AUTHORITY FOR MANDATED SERVICES LISTED BY DEPARTMENT AND GROUPED BY FUNCTION

Index	Department	Optional	Mandatory	Legal Provisions
	<u>GENERAL GOVERNMENT CONT'D.</u>			
261	Tax Collector-General Office		X	Revenue & Taxation Code Sec. 2501, 2602
263	Hotel Tax		X	2603, 2609, 2611 Govt. Code Sec. 23004 (e), 27400, 27401, Constitution Article XIII Sec. 37
311- 313	Purchaser		X	Charter Section 7.100
314	Purchasing Vehicle Acquisition	X		
608	Off Street Parking		X	Contractual obligation-pledge for various parking garages
605	Emergency Reserve	X		
697	Publicity and Advertising	X		
697	Retirement System		X	Charter Section 8.509, 8.510, 8.525 etc.
699	Health Service System		X	Charter Section 8.428
	<u>PUBLIC PROTECTION</u>			
111	Adult Probation		X	Welfare & Institution Code Sec. 575; Penal Code Sec. 12035
131	Emergency Services		X	Govt. Code Sec. 26620, 26623, 26624, 8605 etc.
141	District Attorney		X	Govt. Code Sec. 24000, 24300, 26500, 26520 26526, 26528 Constitution, Article V, Sec. 13
145	Fire Department		X	Govt. Code Sec. 38600, 38601, 38611, 53100-20 etc. Health & Safety Code Sec. 13050, 13052.5, 13053-5 etc.
147	Human Rights Commission	X		
149	Law Library		X	Business & Professions Code Sec. 6300, 6301, 6326, 6340, 6341
155	Municipal Court		X	Constitution, Article VI, Sec. 1, 5, 11, 15, 17, 19-22; Govt. Code Sec. 71002, 71040, 71087-9 etc.
159	Permit Appeals		X	Charter Section 3.651
161	Police Department		X	Penal Code Sec. 830, 833; Vehicle Code Sec. 625
165	Public Defender		X	Govt. Code Sec. 27700-4, 27705.1, 27706, 27707, 27707.1, 27709 etc.
167	Public Pound		X	Govt. Code Sec. 25800-3
173	Sheriff		X	Govt. Code Sec. 71088, 71089, 71264, 71267, 72111, 31904, 26603, 23013, 35351 etc.
176	Board of Supervisors - Delinquency Prevention Com- mission	X		
177	Animal Control & Welfare Com- mission	X		



AUTHORITY FOR MANDATED SERVICES LISTED BY DEPARTMENT AND GROUPED BY FUNCTION

Index	Department	Optional	Mandatory	Legal Provisions
	<u>PUBLIC WORKS CONT'D.</u>			
417	Building Repair		X	Govt. Code Sec. 25358, 37352
419	Central Permit		X	Charter Section 7.704
421	Engineering		X	Govt. Code Sec. 25466, 27550, 31000; Streets & Highways Code Sec. 27183
422	Sanitary Engineering		X	California Regional Water Quality Control Board, Federal Environmental Protection Agency
423	General Office		X	Charter Section 3.510
424	Personnel Administration		X	Charter Section 3.510
426 & 429	Water Pollution Control		X	(California Regional Water Quality Control Board-interpretations of State and Federal statutes - Govt. Code Sec. 23010.3, 25210.4
431	Street Cleaning		X	Streets & Highways Code Sec. 1801, 1805, 1850, 900, 901, 904, 908, 940, 941 etc.
445	Capital Improvements	X		
671- 674	Special Gas Tax Fund		X	Streets & Highways Code Sec. 1801, 1805, 1850, 900, 901, 904, 908, 940, 941, 1800
	<u>ROAD FUND</u>			
681	Street Repair		X	(Streets & Highways Code Sec. 1801, 1805,
683	Traffic Engineering		X	( 1850, 900, 901, 904, 908, 940, 941, 1800
684	General Maintenance		X	(
685	Construction		X	(
686	Street Planting		X	(
	<u>CULTURE</u>			
113	Art Commission		X	Charter Section 3.600, 3.601, 6.400
143	Dept. of Education-County		X	Education Code Sec. 6951 - 6957
213	California Academy of Sciences		X	Charter Section 6.404
621	Fine Arts Museums		X	Charter Section 6.404
622	Asian Art Museum		X	Charter Section 6.404
631	Library		X	Charter Section 6.400
691	War Memorial - General		X	Charter Section 6.404
692	War Memorial - Art Museum		X	Charter Section 6.404
	<u>RECREATION AND PARK</u>			
648	Marina Yacht Harbor		X	Contractual Obligation with State of Calif.-20 year loan
651	General Division		X	Charter Section 6.400
652	Special Zoo Division	X		
653	Candlestick Park		X	Contractual lease obligation-lease revenue bonds
654	Open Space Acquisition Park Gen. Fund		X	Charter Section 6.413





AUTHORITY FOR MANDATED SERVICES LISTED BY DEPARTMENT AND GROUPED BY FUNCTION

Index	Department	Optional	Mandatory	Legal Provisions
	<u>PUBLIC PROTECTION CONT'D</u>			
179	Superior Court		X	Constitution, Article VI, Sec. 1,4,11,15-17, 19-22; Govt. Code Sec. 69505, 69506, 69752, 69893 etc.
185-189	Juvenile Court		X	Welfare & Institutions Code Sec. 575,576, 600, 601, 850-2, 856, 857, 870
223	Coroner		X	Govt. Code Sec. 24000, 24300, 27460, 27469, 27491, 27491.25
225	County Clerk		X	Charter Section 1.103
243	Public Administrator		X	Govt. Code Sec. 27440 - 27442
265	Weights and Measures		X	Business & Professions Code Sec. 12027-12108, 12200-13001
	<u>PUBLIC SERVICE ENTERPRISES</u>			
695	PUC - Light, Heat, Power		X	(Street lighting and maint.) Streets & Highways Code Sec. 18602, 18603, 18630, 18663-5, 19030, 19031
705	- General Office		X	Charter Section 3.592
706	- Data Processing Center	X		
725	S.F. International Airport		X	Charter Section 3.690, 3.691, 3.692
735	Municipal Railway		X	Charter Section 3.595 (Cable Cars mandated to continue operations - Charter)
745	Water Department		X	Charter Section 3.592
755	Hetch Hetchy		X	Charter Section 3.592
775	S.F. Port		X	Charter Section 3.582
	<u>PUBLIC HEALTH</u>			
511-545	Dept. of Public Health		X	Health & Safety Code Sec. 450, 451, 476, 480, 502
551	Emergency Hospitals (ambulance service)		X	Welfare & Institutions Code Sec. 17000; Govt. Code Sec. 26612
553	Hassler Hospital (closed)			
555	Laguna Honda Hospital		X	Welfare & Institutions Code Sec. 170000
557	S.F. General Hospital		X	
561-583	Community Mental Health		X	Welfare & Institutions Code Sec. 5001, 5009, 5120, 5600, 5600.1 5602 etc.
	<u>SOCIAL SERVICES</u>			
168-170	Department of Social Services		X	Welfare & Institutions Code Sec. 10000, 10001, 10053, 10604, 10800, 10813.1, 10950, 11008 etc.
	<u>PUBLIC WORKS</u>			
231	Dept. of Electricity		X	Charter Section 3.510
	Dept. of Public Works		X	Charter Section 3.510
411	Accounts	X		
413	Architecture		X	Govt. Code Sec. 4004-6
415	Building Inspection		X	Health & Safety Code Sec. 17951-52, 17955, 17958, 17960, 17961, 17964 etc.



AUTHORITY FOR MANDATED SERVICES LISTED BY DEPARTMENT AND GROUPED BY FUNCTION

Index	Department	Optional	Mandatory	Legal Provisions
	<u>RECREATION AND PARK CONT'D</u>			
	Golf	X		
	Maintenance of Other Depts.	X		
	Camp Mather	X		
	<u>BOND INTEREST AND REDEMPTION</u>			
601	General City - B.I.+R.		X	Charter Section 6.400
603	Public Service Enterprises B.I.+R.		X	Charter Section 6.400



Impact of Jarvis-Gann on Revenue Sharing, CETA, Community Development, and Public Works Title II Federal Grant Programs.

1. Revenue Sharing

In 1977-78, the City and County of San Francisco will receive \$21,200,000 including interest under the Federal Revenue Sharing Program. Assuming no replacement revenues after the passage of Jarvis-Gann, the City and County's local taxing effort would decline. Since revenue sharing is related to local taxing effort, the expected loss of Federal revenue sharing funds for 1978-79 would be \$2 million or approximately 10%. This estimated loss is included in our calculations.

2. Community Development Grant

In 1977-78, San Francisco will receive approximately \$26,100,000 in Community Development funds. If San Francisco maintains its effort in the areas of housing and urban development, the Community Development Block Grant funds will be unaffected by Jarvis-Gann.

3. Comprehensive Employment and Training Act (CETA)

Under the various titles of CETA during 1976-77\* the City and County received the following amounts:

CETA Title I (Training and Education)	\$10,358,599
CETA Title II (Public Service Employment and Manpower Training)	14,205,587
CETA Title VI (Public Service Employment)	<u>40,783,301</u>
Total	<u>\$65,347,487</u>

\*Most recent fiscal year for which complete figures are available.





Our analysis has disclosed that Jarvis-Gann, without new revenue increases would cause a \$172 million reduction in the City budget, causing the elimination of funding for 5,555 permanent positions. Taking a strict interpretation of present Department of Labor CETA regulations, the elimination of 5,555 permanent positions could force the termination of approximately 1,500 CETA employees in the City departments.

4. Title II, Public Works Act

During 1976-77, and 1977-78, San Francisco received a total of \$20,293,418 in Title II Public Works, Antirecession Assistance funds. The proposed Jarvis-Gann Initiative, if passed, would not effect this or possible future allocations of Title II funds to San Francisco.

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Appendix E - Governmental and Association Reports and Agencies Consulted

<u>Governmental Reports</u>	<u>Date</u>
1. The City Administrative Officer of the City of Los Angeles	1/24/78
2. The City Attorney of Los Angeles	1/26/78
3. The City of San Diego	2/3/78
4. The County of Orange	1/31/78
5. The County of Alameda	2/8/78
6. Staff to the Assembly Revenue and Taxation Committee	9/26/77
7. Edward Gerber, City of San Francisco's State Representative	1/18/78

Association Reports

1. California Taxpayers' Association	1/30/78
2. California Chamber of Commerce	1/4/78
3. League of California Cities	2/17/78

Agencies and Associations Consulted

1. County Supervisors Association
2. Office of Legislative Analyst
3. Office of the Auditor General
4. Regional Metropolitan Transportation Commission
5. Office of Revenue Sharing, Washington DC
6. Department of Labor, San Francisco
7. City Attorney's Office, San Francisco





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